

Peoples Bank of Lehi and the Utah Banking Company

By Richard Van Wagoner

In the fall of 1906, American Fork Businessman James H. Clarke and others canvassed that town to raise money and enthusiasm for establishing a bank in a building just completed by the American Fork Co-op. More than fifty “money men” of the town purchased stock in the new venture. The Lehi Commercial and Savings Bank with \$350,000 worth of business on their 1906 books, had a substantial clientele in American Fork and wished to join with the new venture. So the directors of the Lehi institution submitted a proposition to the American Fork investors which promised to deliver half the capital stock of the Lehi Bank at the price of \$130 per share. The A.F. group agreed to the terms and the articles of the Bank were amended, changing the name of the organization (effective 1 November 1906) to the Utah Banking Company. Thomas R. Cutler remained the Bank’s president and his son-in-law John Y. Smith became the Lehi cashier.

Winds of financial discontent began to blow across America in 1907. Officers of the Utah Banking Company ran a series of what they hoped would be comforting ads in the Lehi Banner. In a 12 December 1907 issue, they noted their capital as \$50,000 and their surplus as \$15,000. To allay patron fears, they explained, “our Cash Securities, Escrows, and Safety boxes are all fully protected against Robbery or Burglars by the United State Fidelity and Guarantee Company of New York

Unfortunately it was fear of a different nature that worried depositors. “Don’t Let Fear Ruin Business” was the title of a Chicago Tribune article reprinted by the bank in the 23 January 1908 Lehi Banner “At present this country stands face to face with a most absurd anxiety,” the article warned, “that enemy is fear”. “There is no reason why merchants or anyone else should be alarmed.” the article continued; “the backbone and foundation, which are at most superb condition... The only trouble is the people (or some of them) are scared stiff.”

When it came to the Utah Banking Company, however, those fears were justified. On 23 January 1913, State Banking Examiner, C/A. Glazier posted a closure notice on the bank's door. Bank president, Ira Wines and cashier Charles C. Friel published an explanation in the 28 January 1911 Banner>

But the bank remained closed. On the evening of 10 July 1911, a hose of angry depositors met in the Tabernacle with judge booth, County Attorney Jacob Evans, and Receiver C. C. Friel. After questions had been answered and the three men had left, a group of depositors remained to have a meeting of their own. Near hysteria was the prevailing mood and some felt the bank officers and directors should be held personally accountable for their mismanagement. The consensus, however, was to appoint a group to investigate the bank affairs further. Alma Greenwood, R.L. Bolitho, J.P. Aydelotee, S.I Goodwin, Dr. W. T. Hasler, and Henry Moyle became this ad hoc committee.

The bank finally re-opened on 1 May 1912 under the leadership of Ira D. Wines, president; Thomas Webb, vice-president; Charles C. Friel, cashier; Thomas R. Cutler, A.J. Evans, William Thornton, George T. Odell, J. H. Storrs, and S.L. Wells, directors. "The association of these business men is a guarantee," wrote the 4 May 1912 Banner, "that its affairs in the future will be conducted along absolutely safe and conservative lines."

The 1914 annual report by cashier William E. Evans demonstrated that the bank was in its best condition in years and was "rapidly getting back to the former position it head as one of the leading financial institutions of the state". Unfortunately the bank had invested \$90,000 in Price River Irrigation Company Land and Water. When a primary dam was blown up by agitators during World War I the loss to the Utah Banking Company was devastating. The institution tried to recover by reorganizing under the name People's Bank of Lehi to 1917, but losses were too great.

Adding insult to injury, the Bank's vault door was blown open by safecrackers in March 1919. When cashier Herbert Taylor entered the bank the following morning he found the "vault door... open with the lock blown to pieces." Everything of value, including cash, liberty bonds, and thrift stamps was taken from the vault and the safety deposit boxes. The culprits were never discovered.

On a 4 May 1921, C. J. Thatcher, state bank examiner, again suspended the bank's operation and placed in receivership. The institution's liabilities were listed as: current liability, \$5, 976.08, time deposits, \$45,000; time certificates, \$51,000; saving deposits \$38,000; borrowed money, \$11,000; Noted assets were \$139,000 in notes; \$15,000 in real estate, and \$4,900 in cash on hand.

By 1 December 1921, the People's Bank had repaid 45 percent of its debts. Another 10 percent was paid in September 1922. On 20 January, 1923 the bank stockholders received notice from the law firm of Willey and Willey informing them of their personal liability. The stockholders were requested to pay \$100 per share for their liability on the debt.

Despite hardship, most stockholders complied with the directive. The final settlement and closing of receivership of the defunct bank did not occur, however, until December 1929. By then the building had been sold to N.O. Malan who had purchased it in November 1923. He operated a funeral parlor and automotive repair service on the main floor until 1925, when Dr. Fred Worlton converted it into a hospital, which it remained until 1967.